



**U.S. Department of Justice**

*United States Attorney  
Eastern District of Wisconsin*

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*517 East Wisconsin Avenue*

*Milwaukee, WI 53202*

Press Release

May 21, 2010

**Former Nursing Home Operator Sentenced to  
Two Years in Prison On Tax Charge**

James L. Santelle, the United States Attorney for the Eastern District of Wisconsin, announced that Karen Mason, (DOB xx/xx/1952), who was previously convicted of tax evasion, was sentenced today to 24 months in prison, to be followed by 3 years of supervised releases.

Mason's conviction arises out of her operation of Havenwood Nursing and Rehabilitation Center, a skilled nursing facility that was located in Milwaukee, Wisconsin that was closed in 2005. Mason was a co-owner, administrator, and chief executive officer of Havenwood. She used her positions at Havenwood to divert funds belonging to Havenwood to pay her personal expenses and otherwise convert Havenwood funds to her personal benefit and to the benefit of others, including her then-husband, her friends, her children and their friends.

Specifically, during the years 2002 through 2005, Mason used more than \$1 million in funds belonging to Havenwood to pay for personal expenses for herself, her then-husband, her friends, her children and their friends, none of which she reported as income. These included more than \$150,000 in direct payments to her children and their friends; approximately \$60,000 to purchase jewelry; approximately \$150,000 for furniture, carpeting and other home improvements; approximately \$108,000 for personal vehicles for herself and her children; \$87,000 for treatment at a rehabilitation clinic for one of her children; more than \$60,000 for tickets to concerts and sporting events; more than \$30,000 in expenses associated with the wedding and honeymoon of one of her children; more than \$300,000 for various personal expenditures, including payments to the Milwaukee Yacht Club, personal travel and vacations

Mason filed federal income tax returns for the years 2002 and 2003 that failed to report all of the income she received and failed to file tax returns for the years 2004 and 2005. Based on Mason's failure to report as income her use of Havenwood funds to pay personal expenses, Mason under-reported and underpaid her federal income taxes for the years 2002 - 2005 by more than \$360,000.

In 2008, Mason was convicted in Milwaukee County Circuit Court of theft from a resident trust fund operated at Havenwood; theft from an employee 401(k) account at Havenwood; and intentional abuse of a patient causing bodily harm.

This matter was investigated by agents from the Internal Revenue Service, Criminal Investigation Division, and the Office of Inspector General for the U.S. Department of Health and Human Services. The prosecution was handled by Assistant U.S. Attorney Matthew L. Jacobs.

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